

# Misleading Americans

By Robert Parry and Peter Kornbluh

WASHINGTON

**I**f George Bush has his way, the Iran-Contra affair will be the forgotten issue of the fall campaign. The vice president's men feel Bush has artfully dodged questions about his role while relying on press and public boredom to bury the issue once and for all. But now a troubling new question rises: What did Bush know about a covert White House propaganda bureaucracy that sought to manipulate the American public, Congress and the news media in support of Contra military aid?

The question could be difficult because it recalls the darker side of the Central Intelligence Agency, the outfit Bush once headed. According to documents unearthed by the congressional Iran-Contra committee, the domestic campaign, directed out of the National Security Council, was crafted by a senior CIA propaganda veteran and was staffed, in part, by U.S. Army psychological warfare specialists. Ultimately, it came to resemble the sort of covert political operation the CIA is allowed to run against hostile forces overseas but is forbidden from conducting at home.

Last year, as the Iran-Contra committee was writing its report, House investigators drafted a chapter on the domestic operation. It said that the propaganda campaign had used "one of the CIA's most senior specialists, sent to the NSC by Bill Casey [the late CIA director William J. Casey], to create and coordinate an inter-agency public diplomacy mechanism. [This network] did what a covert CIA operation in a foreign country might do—attempted to manipulate the media, the Congress and public opinion to support Reagan Administration policies. The problem with all this is—they tried to do it in America, to their own people, to their own Congress, to their own free press."

Inside the committee, the chapter's dramatic conclusion was hotly opposed by Republicans, who argued it was outside the panel's investigative mandate, and by some Democrats, who feared it would jeopardize support for the report's chief findings from moderate Senate Republi-

cans. In the rush to complete its work, the committee dropped the draft chapter, which was only recently obtained by the authors of this article.

Iran-Contra documents reflect three connections between the propaganda apparatus and the vice president:

— Bush's national security adviser, Donald P. Gregg, another ex-CIA hand, recommended CIA propaganda specialist Walter Raymond Jr. for the NSC staff in 1982, according to Raymond's deposition. With Casey's guidance and blessing, Raymond quickly assumed responsibility for creating a "public diplomacy" apparatus that employed overt and covert means to push for Contra aid.

— Bush, as a member of the NSC, would have had direct oversight of the public diplomacy machinery and, according to one document, favored its creation. In a 1986 memo to Casey, Raymond said the public diplomacy operation "reports directly to the NSC." Even budget and personnel questions were cleared through the NSC, according to Iran-Contra documents. After discussions at senior White House levels, President Reagan authorized creation of the public diplomacy bureaucracy in National Security Decision Directive 77, signed in January, 1983.

— A private arm of the propaganda apparatus planned to support Bush's 1988 presidential bid. In early 1986, Richard R. Miller and Carl R. (Spitz) Channell, who worked closely with Lt. Col. Oliver L. North, developed a pro-Bush program called "Future of Freedom Forums." One internal memo at Channell's National Endowment for the Preservation of Liberty said, "The vice president needs a vehicle which he can utilize to reach the high-dollar donors in the conservative ranks." It continued, "These donors perceive him as a liberal Republican unsure of himself and without determination to lead in tough circumstances." In a Jan. 16, 1986, letter, Bush praised Channell's proposed forums as "of great interest to me, as well as to the President. My personal interest is such that I hope to be able to participate." But the forums never

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The New York Times  
The Washington Times  
The Wall Street Journal  
The Christian Science Monitor  
New York Daily News  
USA Today  
The Chicago Tribune

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came off, apparently because of scheduling problems

Although Administration public diplomacy participants defended their operation as a legitimate means of informing the American people, some voiced unease, in private, about its clandestine methods. In an interview, a senior NSC official acknowledged that the public diplomacy apparatus was modeled after CIA covert operations overseas: "They were trying to manipulate public opinion . . . using the tools of Walt Raymond's trade craft which he learned from his career in the CIA covert operation shop."

The suppressed Iran-Contra chapter argues that the propaganda bureaucracy behaved much like the secret Contra resupply operation—working out of the NSC to sidestep legal restrictions on the CIA. President Reagan's Executive Order 12333 bars the CIA from activities "intended to influence United States political processes, public opinion . . . or media."

Iran-Contra documents show that the public diplomacy campaign chief architects were Casey and Raymond. In his deposition to congressional investigators, Raymond defended his involvement, arguing that he officially retired from the CIA in April, 1983, so "there would be no contamination of this." In Casey's case, Raymond asserted that the director was participating "not so much in his CIA hat, but in his adviser to the President hat."

As the propaganda apparatus took shape in August, 1983, Casey summoned advertising specialists to the Old Executive Office Building to brainstorm selling a "new product—Central America—by generating interest across-the-spectrum," according to an NSC summary of the meeting. Sensitive to the prohibitions on executive-branch propaganda, Raymond noted in one August, 1983, memo that "the work done within the Administration has to, by definition, be at arms length." Raymond added that he hoped to keep Casey out of the loop.

Yet the documents show that Casey remained active through November, 1986, when the scandal broke. In a Sept. 13, 1986, message to North, then-National Security Adviser John M. Poindexter said Casey was pushing for a full-time White House specialist on Central America publicity: "I think what he really has in mind is a political operative that can twist arms and also run a high-powered public affairs campaign."

Working closely with Raymond, the Office of Public Diplomacy for Latin America and the Caribbean (S/LPD) became the most visible arm of the propaganda machinery. Created in July, 1983, S/LPD was housed at the State Department, but its director, Otto Reich, noted in one memo that the office "respond[s] to NSC direction." He explained that it was created because "the President, the vice president and others were, to say the least, very upset with the inability of the executive branch to publicly communicate with the American people" on what the United States was doing in Central America.

S/LPD generated one-sided publications on Nicaragua and El Salvador and pressured the news media to accept Reagan's stand on Central America. S/LPD employed Army psychological warfare specialists, such as Reich's executive assistant, Lt. Col. Daniel (Jake) Jacobowitz, and five Army experts from the 4th Psychological Operations Group at Fort Bragg, N.C., who were assigned to find "exploitable themes and trends."

In a legal opinion dated Sept. 30, 1987, the General Accounting Office, the congressional watchdog agency, sharply criticized the public-diplomacy office for sponsoring articles that were printed in leading newspapers under the names of presumably independent scholars. The GAO opinion said the articles amounted to "prohibited covert propaganda activities designed to influence the media and the public to support the Administration's Latin American policies."

The propaganda campaign also relied heavily on private-sector intermediaries to carry out activities that would otherwise violate laws against executive branch lobbying. According to the deleted Iran-Contra chapter, the propaganda bureaucracy "hired outside consultants, gave encouragement, support and direction to groups of private citizens outside the government who were undertaking efforts to raise money for Contra weapons, lobby the Congress and manipulate American public opinion and the media."

S/LPD was an important contact point for these efforts, directly employing a number of consultants who received no-

bid contracts for lobbying and public relations in behalf of the Contras. Richard Miller's International Business Communications (IBC) received more than \$440,000 in S/LPD contracts between 1984 and 1986, including a secret-classified \$276,000 for such duties as monitoring media coverage of Central America.

IBC officials worked with North and Channell in placing pro-Contra advertisements in the districts of swing congressmen and hiring pro-Contra lobbyists. To raise money for these efforts, Reagan met personally with wealthy contributors who had given more than \$300,000 and the President was enthusiastic about the efforts. The minutes of a May, 1986, National Security Planning Group meeting record Reagan asking whether the private groups could do more.

What the propaganda apparatus did do was reshape the public debate on Nicaragua and pave the way for resumption of Contra aid in August, 1986.

"It is clear we would not have won the House vote," Raymond exulted in an Aug. 7 memo to Casey, "without the painstaking deliberative effort undertaken by many people in the government and outside."

The question for the vice president is whether he agrees that this was a legitimate use of government power. □

*Robert Parry is a national correspondent for Newsweek. Peter Kornbluh is an information analyst at the National Security Archive. This report adds new documentation to the authors' article for the fall issue of Foreign Policy; the views do not necessarily reflect those of the National Security Archive.*